



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 6, 1999

Dan Sheppard
Gold Terra Incorporated
4088 East Airport Road
Price, Utah 84501

Re: Acceptance of Notice of Intention to Commence Small Mining Operations, Black Knight Mine Project, S/015/078, Emery County, Utah

Dear Mr. Sheppard:

Thank you for your Notice of Intention to Commence Small Mining Operations, received by the Division on April 26, 1999. The application for the proposed Black Knight Mine Project, located in the SE 1/4 of Section 16, SLBM, Emery County, Utah is complete and no additional information is required at this time.

The Utah Mined Land Reclamation Act of 1975 [40-8-7(I)] provides the authority for fee implementation which was approved by the Utah Legislature at its 1998 session. Commencing July 1, 1998, the fees are assessed to new and existing notices of intention, and annually thereafter. Small Mining Notices require a \$100.00 fee which has been received by our office. This is an annual fee due July 1 of every year, the fee will be due and a billing will be issued on July 1, 1999.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-1). Please give special consideration to item #10 of the "Operation and Reclamation Practices. Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Your request for a variance (Rule R647-3-110) cannot be granted at this time. Relief from vegetation standards require Division personnel to make a site inspection to access the present ground cover. Once this assessment is made a decision can be made for the requested variance..

Should you wish to expand your operation beyond the five (5) acre limitation, please notify this office as soon as possible to discuss the necessary permitting requirements. Approval of a large mining notice could take from six to twelve months or longer.

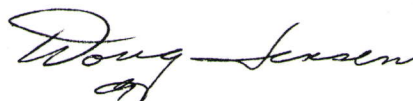
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A Memorandum of Understanding between this Division and the State Department of Environmental Quality (DEQ) requires us to notify them upon receipt of a mining application. If you haven't already done so, you are advised to contact their office prior to starting your small mining operation to determine whether additional permits and/or approvals are required. We will forward a copy of this letter and your notice to the DEQ for their review. Their address and phone number is: Department of Environmental Quality, 288 North 1460 West, Salt Lake City, Utah, 84116, (801) 538-6146.

Approval of mineral exploration or mining operations by the Division of Oil, Gas and Mining does not constitute approval to commence operations upon lands under state mineral leases/school sections administered by the School and Institutional Trust Lands Administration. Before conducting mining operations on these lands, the operator must provide written notification, meet bonding requirements, and obtain written approval from the appropriate agency. School and Institutional Trust Lands Administration can be reached at: 675 East 500 South, Salt Lake City, Utah 84102; phone number (801) 538-5100.

Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your mining operation.

Sincerely,



Doug Jensen
Reclamation Specialist

jb
Enclosure

cc: Kiran Bhayani, DWQ w/NOI
Roger L. Bon, UGS
Tracking File
S015/078.noi

cc: Will Stokes, S. + LA (ML-47718)